

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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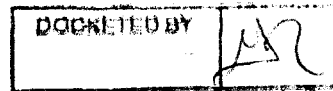
SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

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AZ CORP COM REG-08
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IN THE MATTER OF THE APPLICATION)
OF TRANSWORLD NETWORK, CORP.) DOCKET NO. T-04246A-14-0164
FOR RECISSION OF THE BOND)
REQUIREMENTS CONTAINED IN)
ARIZONA CORPORATION COMMISSION)
DECISION NOS. 67465 and 73675.)
_____)

APPLICATION

TransWorld Network, Corp. ("TWN") requests rescission of the bond requirements contained in Arizona Corporation Commission ("Commission") Decision Nos. 67465 and 73675.

BACKGROUND

TWN provides competitive facilities-based telecommunications in Arizona, New Mexico and Texas, VoIP telecommunications services in Indiana, and is a reseller of telecommunications services in 15 other states. TWN delivers local, long distance and internet services to residential and business customers primarily in rural parts of Arizona. TWN was certified as a reseller of interexchange telecommunications services in Arizona on January 4, 2005. See Decision 67465.

TWN was certified to provide facilities-based local exchange telecommunications services in Arizona on February 6, 2013. *See* Decision 73675.

When TWN was certified by the Commission as a reseller of interexchange services, the Commission bond policy, and hence the certification order, required TWN to procure and provide to the Commission a performance bond in the amount of \$10,000 to cover all advances, deposits or prepayments. TWN secured that bond, submitted it to the Commission initially and renewed it each year.

Similarly, TWN's facilities-based certification, granted in February 2013, required a performance bond or irrevocable sight draft letter of credit in the amount of \$100,000. *See* Decision No. 73675, p. 9. TWN procured this bond in March of 2013, renewed it this year, and it too was submitted for safe-keeping to the Commission Business office. TWN has two bonds, one for \$10,000 and one for \$100,000, at the Commission Business office, which are intended to cover any deposits, prepayments or cash advances held by TWN.

TWN's compliance with Commission regulations and orders has never been at issue, the bonds have never been invoked, and no customer complaint brought into question TWN's reliability or conduct as a public service corporation. TWN's certifications occurred in years where it was the general policy of the Commission to require a bond without a specific inquiry into the track record of the company. TWN has shown itself to be a reliable and responsive public service corporation. *The bond is not needed to ensure TWN's compliance with* Commission orders. TWN respectfully asks that the Commission issue an order relieving TWN of both bond obligations.

ANALYSIS

“In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust.” A.A.C. R14-2-1105(D). TWN is subject to the Arizona Competitive Telecommunications Services Rules, A.A.C. R14-2-1101-1115, and must comply with all rules applicable to the provision of intrastate telecommunications services under the terms of its certifications. Decision No. 67465, p.2, para. 10(a) and Decision No. 73675, p. 2 para. 7(a). While the Commission may require a performance bond prior to certification, for the reasons set forth below continuing this requirement for TWN, an established competitive telecommunications company, is unnecessary and costly.

1. Excellent Compliance

TWN has been a certified carrier in Arizona since 2005. Through-out this period TWN has complied with the requirements of its certification, including filing annual reports, paying annual assessments for funding the ACC, RUCO (A.R.S. §40-401; §40-401.01) and Arizona universal service. Any complaints against TWN have been resolved and closed with no formal litigation and without penalty to TWN. TWN has a substantial physical presence in the State and is available to respond in a timely and responsive manner to any questions or concerns regarding customer service. Today, TWN does not hold any customer deposits for telecommunications services.

The bonds that TWN has had on file with the Commission have never been drawn upon or requested. Obtaining and maintaining these bonds create a significant expense for TWN and

will continue to do so. Moreover, purchasing the bonds diverts monies that TWN could use to grow its network or improve its systems.

2. The Bond Requirement Is Not Necessary or Reasonable.

The Commission “*may* require . . . the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers.” A.A.C. R14-2-1105(D) (emphasis added). This rule was invoked by the Commission, as early as 2000, to protect consumers in the event a telecommunications carrier declared bankruptcy or abandoned service. *See, e.g.,* Decision No. 62751 (2000) (*Eschelon Telecom of Arizona CC&N Application*). At that time, many providers were new to Arizona and few carriers had invested in equipment and facilities. The new competitive local exchange carriers (“CLECs”) did not have demonstrable operating histories, nor could they offer track records of customer satisfaction. During this period, a bond requirement was the vehicle selected by Commission Staff to protect consumers in the event a provider could not meet its legal obligations. Bonds were one way for the Commission to protect consumers from companies with little or no assets or few ties to Arizona.

Now, fourteen years later, the market is very different. Indeed, customer deposits and advances are no more at risk with an established, facilities-based CLEC like TWN than they are with Qwest Corporation or Cox, which operate in competition with facilities-based CLECs but carry no performance bonds benefiting the Commission.

TWN has established through its investment in the state, and by its operating history, that customer deposits are not at risk. Therefore, a bond is not necessary or reasonable given TWN’s history.

3. The Commission is Moving Towards Requiring Bond Only If Necessary

The Commission has issued orders in a number of proceedings eliminating bond requirements for competitive carrier requirements. *See e.g.* Broadvox-CLEC (Decision No. 74410), Gila Local Exchange Carrier, Inc. (Docket No. T-03943A-14-0013), tw telecom of arizona llc, and XO Communications Services, LLC (Docket No. T-04302A-14-0115). Likewise, the Commission has recently approved a carrier certification request without requiring a bond of the applicant. *See* TNCI Operating Company, LLC T-20882A-13-0108. In recommending approval of the TNCI certification application, Staff recommended no bond reflecting an appropriate reaction to changes in the competitive telecom market. Staff has recommended a “case by case” analysis for assessing the need for a bond. This makes sense. The Commission retains full authority to impose a bond if Staff is concerned about a company’s managerial or technical ability to provide service in Arizona. Companies like TWN, however, that have been providing service for years, show no history of unresolved customer complaints or problems, and have demonstrated their technical and managerial expertise to provide service, should not be required to post a bond.

4. Bond Documents

If this application is approved, TWN requests that the bond documents be returned to the following TWN representative:

Mr. Colin Wood, Chief Executive Officer
TransWorld Network, Corp.
255 Pine Avenue N.
Oldsmar, FL 34677

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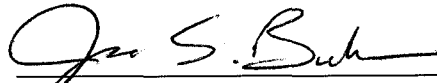
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CONCLUSION

For the foregoing reasons, TWN respectfully requests an order cancelling the bond requirement in Decision No 73675 and the bond requirement in Decision No. 67465.

RESPECTFULLY SUBMITTED this 23rd day of May 2014.

By:

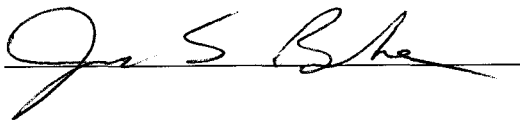


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ORIGINAL and thirteen (13) copies of the foregoing
filed this 23rd day of May 2014 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



4843-3809-4874, v. 1